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Germany

Tobacco and Products

Annual

2004

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Report Highlights:
German tobacco consumption is estimated at 170 to 175,000 tons annually, of which about 27,000 tons originated from the United States in CY 2003. For CY 2004, the use of U.S. tobacco in German cigarette production is forecast to shrink to 25,000 tons. This is due to reduced cigarette production and due to a market share gain of retail brand cigarettes, which contain hardly any U.S. tobacco. In 2003, the German parliament decided to increase tobacco taxes in three steps of Euro cents 1.2 per cigarette per step in 2004 and 2005. Imports of cigarettes by frequent travelers, which are not taxed in Germany, are foreseen to increase drastically. Many smokers react to these tax and price increases by switching over to lower-taxed finecut tobacco products or simply quit smoking.

Includes PSD Changes: No
Includes Trade Matrix: No
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Executive Summary

The tobacco market scene in Germany is being determined by a series of strong tax increases for cigarettes and finecut tobacco. The tobacco industry argues that they are being used to fill German budget holes. Until 2003, the procedure to raise additional funds by increasing the tobacco taxes had been relatively successful. By the beginning of 2004, consumers increasingly began to react to the tax-induced price increases by quitting smoking or using lower-taxed imported cigarettes brought into the country by commuters, legally and illegally. Reports claim that the black market for cigarettes is rising significantly.

Taxed domestic cigarette consumption is forecast to drop by about 10 to 15 percent in 2004. Part of the lower demand for cigarettes will be compensated by increased consumption of pre-portioned finecut tobacco sticks and other traditional finecut tobacco. Also, the sales of cigarillos made from cigarette-type tobaccos has increased significantly during the first quarter of 2004.

Tobacco consumption is estimated at about 170 to 175,000 tons annually, of which the cigarette industry consumes about 140 to 145,000 tons. The U.S. share in the German raw tobacco market is shrinking, amounting to only 27,000 tons in CY 2003. A further reduction to 25,000 tons in CY 2004 is expected. The high price of the U.S. tobacco is the main argument for this development. Additionally, the intense competition in the cigarette market is forcing companies to cut costs on the input-side. American leaf tobacco is increasingly replaced by tobacco from African countries.

German tobacco production is rather small, amounting to only 11,400 tons green weight in 2003. German tobacco is mainly of filler-type quality, primarily consumed by the cigarette industry. The recently decided EU tobacco market reform will result in reduced production within the next ten years.

Note: in recent years the US$/Euro exchange rate has been as follows:

1999: $1 = Euro 0.9380	2002: $1 = Euro 1.0757
2000: $1 = Euro 1.0827	2003: $1 = Euro 0.8840
2001: $1 = Euro 1.1166	March 2004: $1 = Euro 0.8155

Production

Warm weather in the summer of 2003 favored the growth of a sizeable tobacco crop reaching 11,690 tons, which is 1,250 tons more than in 2002. This translates into a dry or fermented crop of 10,024 tons in 2003. Crop quality suffered somewhat under the extreme summer heat but was still satisfactory. Infestation with blue mold only appeared in one small production region, unlike 2002, when scattered areas were infested.

Total tobacco production area in 2003 amounted to 4,699 hectares. For crop year 2004, the German tobacco area is forecast to drop by about seven percent to 4,420 hectares. Farmers want to prevent tobacco production from exceeding the national production quota because over production does not receive EU production subsidies. Major area reduction is forecast in the dark air-cured variety Geudertheimer. This variety is more labor intensive than the flue-cured Virgin variety. In addition, Virgin prices are about 20 percent higher than prices for Geudertheimer tobacco.

About 90 percent of the harvest workers in German tobacco production come from central or eastern European countries, such as Poland. Unemployed German workers are often not willing to do this hard work. For the first time ever, in 2004 a tobacco harvest machine will be tested in German tobacco production. Researchers estimate that this machine will save about 40 percent of the normally needed labor. However, do to the small-scale structure of tobacco production in Germany, very few machine harvesters are likely to be used here.

Based on EU regulation 2848/98, the EU harvest of green tobacco is recalculated on the basis of harmonized moisture levels of 22 percent for Burley, 26 percent for Geudertheimer dark air cured, and 16 percent Virginia flue cured tobacco. Production data used in this report is based on the EU harmonized moisture levels.

EU support payments for tobacco production in Germany amount to Euro per kilogram green tobacco:

Virgin	1.52397
Burley	1.21904
Geudertheimer	1.22

Tobacco growers in the northern part of Europe receive an additional subsidy to compensate them for less favorable growing conditions, Euro per kilogram:

Virgin	0.28141
Burley	0.4511
Geudertheimer	0.28141

High production subsidies for Virgin tobacco explain the production shifts away from less supported varieties such as Burley and Geudertheimer. About 75 percent of returns from tobacco production come from EU budgets and only roughly 25 percent are generated from product sales. Actual German production of Virgin tobacco well exceeds its maximum allowed quota of 3,000 tons green weight established by the EU. However, the EU tobacco regime provides that in such cases, production of other varieties must under-fill their quota at this respective level. Additionally, EU regulations require that such quota shifts have to be cost neutral to the EU budget. Total premium volume is fixed by the base quota distribution as laid down in EU 2848/98.

As a result of the recent EU tobacco market reform, 40 percent of the EU tobacco production subsidy volume should be decoupled at the beginning of the decoupling process in 2006 and the remaining 60 percent should remain coupled to the actual production. However, the decoupled 40 percent should be granted to the tobacco producing farmer on the basis of his historical production of the reference years 2000-2002. Beginning 2009, this historical payment should be gradually transferred into a flat-rate area subsidy. Beginning 2010, 50 percent of the total tobacco subsidy volume per country should be transferred into structural reform funds assisting farmers to quit tobacco production and develop a different production line. The remaining 50 percent will be transformed into the flat-rate area subsidy. Details of the German subsidy decoupling system will become available by the end of July 2004.

National tobacco experts foresee that about ten percent of the German tobacco farmers may drop out of tobacco production within the next four to five years. Later on, a relatively small number of large-scale growers – mainly growing Burley and Virgin varieties - are expected to remain in this labor-intensive production sector. However, as other European farmers have also dropped out of dark air-cured production there might be chance for increased demand and for improved prices for this variety.

Tobacco Production in Germany

	Area Planted Hectares				Production Metric tons			
	2000	2001	2002	2003	2000	2001	2002	2003
Virgin	2,196	2,318	2,435	2,491	4,607	4,760	4,807	5,104
Burley	968	937	931	959	2,702	2,620	2,323	2,731
Geudertheimer	1,413	1,369	1,362	1,250	3,860	3,725	3,313	3,587
Total	4,577	4,623	4,727	4,699	11,169	11,105	10,443	11,421

	Average Price Euro per MT				Total Returns 1,000 Euro			
	2000	2001	2002	2003	2000	2001	2002	2003
Virgin	4,170	4,320	4,350	4,220	18,777	19,858	20,904	21,525
Burley	4,264	4,330	4,380	4,450	11,385	10,768	10,186	12,159
Geudertheimer	3,553	3,570	3,550	3,480	13,237	12,426	11,762	12,377
Total	3,932	3,963	4,100	4,040	43,399	43,052	42,852	46,061

Source: German Tobacco Growers Association

Consumption

German raw tobacco consumption including homogenized sheet is roughly estimated at 170 to 175,000 tons, of which the cigarette industry consumes about 140 to 145,000 tons. The tobacco use per cigarette is calculated at about 0.7 grams. The use of U.S. tobacco in German cigarette manufacture has been shrinking significantly over the past few years. In CY 2003, only about 18 percent or 27,000 tons of total German raw tobacco consumption originated from the United States. In previous years, 20 to 25 percent came from the U.S. For CY 2004, the use of U.S. leaf tobacco is estimated at 25,000 tons.

Reshaping and consolidation of the European cigarette industry, paralleled by steep cigarette price increases and strong market share gains of low-priced retail brands, force the industry to lower its input costs. Unfortunately, U.S. leaf tobacco sells at the high price end and is therefore an easy target for cost reductions.

Since the tobacco processing industries do not provide any tobacco utilization and storage data, the above numbers are only very rough estimates.

Cigarettes

According to official German statistics, cigarette production dropped by 3.4 percent to 205.2 billion cigarettes in CY 2003. About half of this was for export markets, mainly within the European Union. German official taxation statistics report a reduction of 8.6 percent of taxed cigarettes to 132.6 billion cigarettes in CY 2003. Private industry research estimates a total cigarette consumption of 171.5 billion pieces, minus 2.9 percent versus CY 2002. This includes about 22.8 billion of roll-your-own cigarettes. This market segment grew by a considerable 21 percent. Actually, these are primarily pre-portioned tobacco sticks, which have to be slid out of an aluminum hull into a smokable paper hull. This new product is clearly a tax-avoidance product since the tax level for these 'finecut' products is about 70 percent lower than those for cigarettes. A 4.2 percent increase in private commuter imports of cigarettes to 12.5 billion was also recorded.

For CY 2004, the outlook for tobacco consumption in Germany is relatively pessimistic. There are three major factors influencing the trend in smoking:

- General economic conditions of a high unemployment rate of about 11 percent and rising contributions to the national health care system initiate many people to reduce their private spending.
- Compulsory health warnings, which cover one third of the most prominent side of a cigarette pack, may have initiated a number of smokers to quit smoking.
- The most important factor is the significantly increased tobacco tax on cigarettes and other tobacco products. Since late 2002, cigarette taxes were increased in three steps by an average of 3.2 Euro cents per cigarette. Two more tax increase steps have already been decided and will become effective by December 1, 2004, and by September 1, 2005.

The tax increases in 2002 and 2003 were to raise funds for national terror prevention. Tobacco tax revenues were increased by Euro 2.0 billion in 2003 versus 2001. The tax increases of 2004 until 2006 are supposed to raise funds for the national health care system. In the justification for the tax increase, the German government expresses the hope that the 2004-2006 tax steps will raise Euro 2.7 billion in additional tobacco taxes after complete implementation.

To the disadvantage of the revenue service, German smokers have reduced their consumption of cigarettes by six percent during the first quarter of 2004. Tobacco experts forecast that over the complete year, 2004 cigarette consumption may drop by 10-15 percent. Many smokers seem to quit smoking completely; others reduce their daily use and others switch over to substitute products such as roll-your-owns.

Legal and illegal imports of cigarettes from neighboring countries with lower cigarette prices are also rising significantly. However, these are primarily imports from Luxembourg, Poland and Czech Republic. Other German neighbor countries charge similar or higher tobacco taxes. Travelers from the new EU member countries in central Europe are only allowed to bring in a maximum of 200 cigarettes tax-free per trip. Tax-free imports from other EU countries may not exceed the personal usage level. A clear definition of personal usage level is not provided by the legal text.

Since cigarette prices were increased by about 40 to 60 Euro cents per pack of twenty over the past year, German smokers have become more price-sensitive. While the sales of branded cigarettes dropped by 7 percent, demand for lower-priced retail-brands fell only by 2.7 percent. During the first quarter of 2004, demand for retail-brands went up by 0.4 percent while traditional industry brands dropped by 7.2 percent. The price advantage of retail-brands versus the best selling industry brand amounts to Euro 0.70 per pack of 19. The growth of the low-priced market segment was at the expense of the vending machine sales, which amounted to only 22.9 percent in 2003. Ten years ago, almost fifty percent of cigarette sales were made through vending machines. The big winner of this change of marketing channels is the food retailer sector and in particular the discount retail system. The food discounters primarily sell low-priced retail brands, which hardly contain any U.S. origin leaf tobacco.

Trends in the German Cigarette Market - % Market Shares

	1997	1998	1999	2000	2001	2002	2003
Big Packs	10.2	11.6	13.4	16.2	19.1	21.1	23.1
Quality/Price Segments							
Premium Price Brands	0.1	0.1	0.1	0.1	0.2	0.2	0.6
Most Favored High Price Segm.	53.1	52.1	50.2	47.5	44.7	43.9	42.8
Medium Price Segment	23.5	23.5	23.9	23.8	23.3	23.0	22.9
Upper Low Price Segment	7.6	7.9	8.3	9.2	8.6	8.1	7.8
Low Price Segment	15.7	16.4	17.5	19.4	23.3	24.8	25.9
Type of Cigarettes							
Non-Filter	3.4	3.2	3.0	2.8	2.6	2.4	2.2
1-8 mg Condensates	28.2	29.5	31.4	32.0	31.8	31.6	32.4
9-10 mg Condensates	68.4	67.2	65.6	65.2	65.6	66.0	65.4

Source: Die Tabak Zeitung 2004

The cigarette industry reports that in 2004 sales of big-packs are losing ground because many smokers are hesitating to spend more than Euro 4,00 per pack of cigarettes. An escape for many smokers is the finecut market. Sales of finecut tobacco grew by 20 percent to 18.6 tons in 2003. Sales of pre-portioned finecut sticks keep rising in 2004 since the price difference to industry cigarette is absolutely convincing. A cigarette made from pre-portioned finecut at the lowest price level costs Euro cents 6.5 versus Euro cents 19 for the best selling industry brand. In order to avoid brand cannibalism, the big cigarette manufacturers also began to offer pre-portioned finecut sticks under their traditional brand names.

Per capita consumption of cigarettes and other tobacco smoking products is continuing on a very high level in 2003. Alarming reports say that the starting age of smokers has already fallen to a young 12.5 years. Also, the share of smoking among young girls and women is rising.

Tobacco Consumption - Per Capita

	Per Inhabitant			
	Cigarettes	Cigars/Cigarillos	Finecut	Pipe Tobacco
1998	1687	24	180	12
1999	1770	28	170	12
2000	1699	31	178	11
2001	1731	31	198	11
2002	1760	37	188	10
2003	1607	38	225	11

	Per Potential Smoker *			
	Cigarettes	Cigars/Cigarillos	Finecut	Pipe Tobacco
1998	2006	29	214	15
1999	2101	33	202	14
2000	2013	37	211	13
2001	2047	36	233	13
2002	2075	44	221	12
2003				

* Persons 15 years and older
Source: Federal Statistics Office

Anti-Smoking Efforts
The relationship between smokers and non-smokers is relatively relaxed in Germany. The basis for the coexistence of smokers and non-smokers is the principle of tolerance. There are no smoking bans at the workplace, in official buildings, or in bars and restaurants. However, workers have the right to a smoke-free workplace. In addition, the German national rail company started a pilot program to keep station platforms smoke-free. At such railway stations, smokers are only permitted to smoke in specially designated areas. Also more trains are declared non-smoking trains. However, political forces are pushing for stricter non-smoking rules and for limitations on advertisements for tobacco products.

Below is a list of legal limitations for tobacco product advertisements:

- no radio or TV advertising
- no advertising, which creates the impression that smoking might not effect health or improve the well-feeling
- no advertisements to inspire youths to start smoking
- no advertisements to initiate people to inhale tobacco smoke
- no labels claiming that the tobacco products is natural or pure nature
- no tobacco commercials in movie theaters before 06:00 p.m.
- no tobacco sales to youths younger than 16 years
- minimum filling of cigarette packs of 17 cigarettes.

In cooperation with the cigarette industry, the German Ministry of Health has implemented a list of voluntary soft-pressure anti-smoking rules, which include

- no tobacco product advertisement in the immediate neighborhood of schools
- no free cigarette samples in the public
- no supportive health related advertisements
- no advertisements directed to juveniles
- no use of advertisement material which is common in the world of juveniles
- no advertisement with prominent people and competitive athletes
- no advertisement in competition sports
- no advertisements in youth print media, sports arenas, public transportation and airplanes
- limitation of illuminated advertisement

Beginning January 2007, outdoor vending machines have to be equipped with reading devices for money cards, which will prohibit money card holders younger than 16 years from purchasing cigarettes. As a result the number of outdoor vending machines will likely be significantly reduced. The current number of vending machines amounts to about 800,000. With respect to the European Commission's intention to generally prohibit tobacco advertisements, Germany continues to oppose such efforts since it claims that health protection falls under member state authority and is therefore not subject to EU regulations.

The EU tobacco product directive 2001/37 EC prohibits the use of the terms 'light' and 'mild' and requires larger health warnings as of October 2003.

Since April 2002, German fine-cut tobacco companies started to label nicotine and condensates levels on fine-cut tobacco packages. Previously, only cigarette manufacturers were required to do this. The industry will use a matrix of condensate and nicotine values, differentiating between thin and thick roll-your-own cigarettes and for use of different types of wrapping papers.

Taxation

All tobacco products are subject to a 16 percent value added tax (VAT) in addition to product specific tobacco taxes. For the period March 1, 2004 until November 30, 2004, tobacco taxes are fixed as follows:

Cigarettes

Euro 6.85 per 100 cigarettes

Plus a proportional tax portion calculated as 24.27 percent of the retail sales price

The minimum tax per cigarette is Euro cent 13.50 minus VAT of the final sales price of the cigarette, however, it should not exceed Euro cent 11.45.

Cigars and cigarillos

Euro 1.40 per 100 cigars and cigarillos

Plus a proportional tax of 1.3 percent of the retail price

Smoking tobacco

Fine-cut tobacco

Euro 27.03 per kilogram

Plus 16.67 percent of retail price

Minimum Euro 41.40 per kilogram

Pipe tobacco

Euro 13.32 per kilogram

Plus 11,98 percent of retail price.

The German tobacco tax law already provides for two more tax increases effective December 1, 2004 and effective September 1, 2005. The target levels for tobacco taxes effective September 1, 2005 are as follows

Cigarettes
- Euro 8.27 per 100 cigarettes
- Plus a proportional tax portion calculated as 25.29 percent of the retail sales price
- Minimum tax per cigarette is calculated as 96 percent of the total tax burden of a cigarette minus VAT of the best selling brand.

Cigars and cigarillos
- Euro 1.40 per 100 cigars and cigarillos
- Plus a proportional tax of 1.5 percent of the retail price

Smoking tobacco
- Fine-cut tobacco
- Euro 34.06 per kilogram
- Plus 19.04 percent of retail price
- Minimum Euro 53.28 per kilogram
- Pipe tobacco
- Euro 15.66 per kilogram
- Plus 13,46 percent of retail price.

The German Finance Ministry hopes to raise additional revenues of Euro 2.7 billion per year after full implementation of these tax steps. The tobacco industry is extremely pessimistic that increased revenues will be generated, see above Section on Cigarettes.

Tax revenues in 2003 amounted to Euro 14.1 billion, an increase of 2.2 percent over 2002. Tobacco taxes are the fourth single most important revenue source for the federal budget, following income tax, VAT and gasoline tax.

Tobacco Product Consumption and Taxes

		1999	2000	2001	2002	2003
Volume of Taxed/Consumed Tobacco Products						
Cigars/Rillos	mill pcs	2,289	2,557	2,511	3,068	3,117
Cigarettes	mill pcs	145,265	139,625	142,546	145,145	132,603
Fine-cut	tons	12,682	12,758	13,803	15,473	18,603
Pipe Tobacco	tons	983	909	925	847	870
Tobacco Rolls	tons	1,314	1,853	2,469	0	0
Total Returns by Product						
Cigars/Rillos	mill Euro	917	507	499	566	569
Cigarettes	mill Euro	19,579	19,176	19,861	21,578	21,078
Fine-cut	mill Euro	743	741	810	1,058	1,472
Pipe Tobacco	mill Euro	98	92	95	86	91
Tobacco Rolls	mill Euro	180	249	329	0	0
Total	mill Euro	21,517	20,765	21,595	23,287	23,209
Tax Returns						
Cigars/Rillos	mill Euro	35	39	38	46	46
Cigarettes	mill Euro	11,155	10,836	11,437	13,203	13,315
Fine-cut	mill Euro	331	331	367	496	687
Pipe Tobacco	mill Euro	24	22	23	21	22
Tobacco Rolls	mill Euro	113	158	210	0	0
Total	mill Euro	11,658	11,386	12,074	13,765	14,070
Average Retail Prices						
Cigars/Rillos	Euro/piece	0.2050	0.1983	0.1988	0.1843	0.1826
Cigarettes	Euro/piece	0.1350	0.1373	0.1393	0.1487	0.1590
Fine-cut	Euro/kg	58.59	58.08	58.71	68.36	79.11
Pipe Tobacco	Euro/kg	99.34	101.47	102.32	101.96	104.09
Tobacco Rolls	Euro/kg	137.13	134.23	133.50	0.00	0.00
Average Tax						
Cigars/Rillos	Euro/piece	0.0153	0.0153	0.0153	0.0148	0.0148
Cigarettes	Euro/piece	0.0768	0.0776	0.0802	0.0910	0.1004
Fine-cut	Euro/kg	26.08	25.97	26.57	32.06	36.95
Pipe Tobacco	Euro/kg	24.13	24.43	24.55	24.46	24.75
Tobacco Rolls	Euro/kg	85.95	85.19	84.99	0.00	0.00

Source: FedMinFinance

Trade

An individual traveler is allowed to bring in 800 cigarettes per trip without paying additional taxes. If more than 800, the traveler has to prove that they are for his personal use to avoid taxes. Imports limitations for travelers from Poland and Czech Republic are only 200 pieces

Due to the growing consolidation of the European tobacco and cigarette businesses during recent years, raw tobacco purchase, storage and movement decisions have been altered considerably. Tobacco buying has been concentrated into one central unit of each company. These central purchase and storage units distribute the raw tobacco to the individual processing facilities in Europe. This implies that raw tobacco purchased for processing in a German cigarette plant may be stored for several months or longer at a storage facility in Great Britain or in the Netherlands before it is transshipped to Germany. National arrival statistics therefore no longer reflect actual tobacco trade with Germany. As result of EU enlargement in 2004, further consolidation of raw tobacco purchasing and handling is expected.

Data used in the PS+Ds of this report is taken from customs statistics. This implies that the raw tobacco may have already been in European tobacco storage for a year or longer. In 2003, total German raw tobacco imports, including homogenized sheet, amounted to 217,801 MT at a total value of Euro 801 million. This compares to 201,709 MT in 2002. Purchases from the United States amounted to 34,333 MT in 2003 versus 36,584 MT in 2002. The reduction occurred mainly in sales of flue-cured tobacco. The main remaining buyers of U.S. origin tobacco are the leading tow cigarette manufacturers Philip Morris and BAT. In particular manufacturers of low-priced cigarettes are hardly buying any U.S. tobacco. German leaf buyers claim that U.S. tobacco is too expensive compared to Brazilian and African tobacco. It is also claimed that the quality advantage of U.S. flue cured and burley no longer yields the price premium for U.S. tobacco. Political problems in Zimbabwe forced the tobacco industry to search for alternative supplies. Reportedly, tobacco production and marketing is increasing in Uganda, Mozambique and Tanzania. Also, Malawi is seen as a safe supplier of high quality tobacco. Tobacco quality from these African producers is claimed to be satisfactory to good.

2002 German Leaf Tobacco Trade by Type

Import Summary	Total		U.S. Share	
	MT	Euro 1,000	MT	Euro 1,000

Flue Cured, Virgin	69,426	334,662	15,885	128,115
Burley	33,437	165,973	9,576	84,444
Maryland	710	5,946	682	5,732
Kentucky Fired Cured	64	215	3	39
Oth. Fire Cured	678	4,428	5	25
Oth. Light Air Cured	13,108	51,319	4	19
Oriental	25,429	118,768	0	0
Dark Air Cured	1,012	3,829	0	3
Oth. Flue Cured	16,549	55,149	246	657
Other Tobacco	1,732	27,506	244	647
Stems and Scraps	20,107	12,877	3,506	2,315
HTL	19,457	47,430	6,433	15,563
Total	**201,709**	**828,102**	**36,584**	**237,559**

Export Summary

Flue Cured, Virgin	15,528	57,054	19	24
Burley	8,544	27,161	0	0
Maryland	0	0	0	0
Kentucky Fired Cured	45	68	0	0
Oth. Fire Cured	297	3,200	0	0
Oth. Light Air Cured	6,441	27,728	0	0
Oriental	6,637	31,813	13	41
Dark Air Cured	1,493	2,728	967	1,634
Oth. Flue Cured	1,231	3,366	0	0
Other Tobacco	6,786	31,236	0	0
Stems and Scraps	12,898	7,861	850	404
HTL	4,275	12,446	76	928
Total	**64,175**	**204,661**	**1,925**	**3,031**

Source: German Federal Statistics Office

2003 German Leaf Tobacco Trade by Type Customs Statistics

Import Summary	Total		U.S. Share	
	MT	Euro 1000	MT	Euro 1000

Flue Cured, Virgin	67,418	301,757	13,571	109,175
Burley	30,051	154,234	9,750	87,473
Maryland	466	3,568	440	3,367
Kentucky Fired Cured	43	178	8	84
Oth. Fire Cured	668	4,220	1	5
Oth. Light Air Cured	20,613	74,447	169	728
Oriental	26,632	118,445		
Dark Air Cured	1,266	4,182	4	11
Oth. Flue Cured	25,141	90,236	23	138
Other Tobacco	2,078	28,533	3	25
Stems and Scraps	20,884	13,892	3,741	2,465
HTL	22,541	48,916	6,623	15,228
Total	**217,801**	**842,608**	**34,333**	**218,699**

Export Summary

Flue Cured, Virgin	12,268	38,511	20	49
Burley	6,434	20,418		
Kentucky Fired Cured	98	163		
Oth. Fire Cured	198	1,998		
Oth. Light Air Cured	4,453	20,302		
Oriental	6,554	27,673	16	104
Dark Air Cured	2,220	4,099	901	1,626
Oth. Flue Cured	513	1,361		
Other Tobacco	9,112	42,882		
Stems and Scraps	8,736	6,149	237	91
HTL	5,073	12,861	4	37
Total	**55,659**	**176,417**	**1,178**	**1,907**

Source: German Federal Statistics Office

Stocks
Raw tobacco stocks data are not reported by the industry for many years already. Also rough estimates are not possible.

Marketing
The growing market share of low-priced retail brand cigarettes limit sales opportunities for U.S. tobacco to Germany. Actually, some German leaf experts claim that profit margins of these retail brands are extremely marginal. This limits the opportunity to purchase high quality American tobacco.

PSD Table

Country Germany

Commodity Tobacco, Unmfg., Total (HA)(MT)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	4665	4727	4740	4710	0	4420	(HA)
Beginning Stocks	10217	11734	11761	11410	7261	6128	(MT)
Farm Sales Weight Prod	11150	10443	11100	11690	0	10550	(MT)
Dry Weight Production	9544	8950	9500	10024	0	9065	(MT)
U.S. Leaf Imports	37000	29916	28000	27709	0	25000	(MT)
Other Foreign Imports	220000	153282	160000	167569	0	150000	(MT)
TOTAL Imports	257000	183198	188000	195278	0	175000	(MT)
TOTAL SUPPLY	276761	203882	209261	216712	7261	190193	(MT)
Exports	85000	62472	40000	50584	0	45000	(MT)
Dom. Leaf Consumption	7000	7000	7000	8000	0	8000	(MT)
U.S. Leaf Dom. Consum.	39000	29000	30000	27000	0	25000	(MT)
Other Foreign Consump.	134000	94000	125000	125000	0	105000	(MT)
TOTAL Dom. Consumption	180000	130000	162000	160000	0	138000	(MT)
TOTAL Disappearance	265000	192472	202000	210584	0	183000	(MT)
Ending Stocks	11761	11410	7261	6128	0	7193	(MT)
TOTAL DISTRIBUTION	276761	203882	209261	216712	0	190193	(MT)

Import Trade Matrix

Country Germany

Commodity Tobacco, Unmfg., Total

Time Period	CY	Units:	MT
Imports for:	2002		**2003**
U.S.	29916	U.S.	27709
Others		Others	
Brazil	34233	Brazil	38958
Zimbabwe	22903	Zimbabwe	20826
Malawi	17618	Malawi	17219
Turkey	14287	Turkey	17358
Italy	8392	Italy	7920
Greece	8334	Greece	5852
Argentina	7860	Argentina	9515
Tanzania	5572	Tanzania	4735
France	5017	France	5161
India	3708	India	4082
Total for Other	127924		131626
Others not Listed	25358		35943
Grand Total	153282		167569

Export Trade Matrix

Country Germany

Commodity Tobacco, Unmfg., Total

Time Period	CY	Units:	MT
Exports for:	2002		2003
U.S.	1849	U.S.	1173
Others		Others	
Netherlands	13331	Netherlands	11964
France	7748	France	3941
Russia	8923	Russia	7225
Poland	4879	Turkey	1537
Ukraine	5098	Ukraine	5552
Belgium	3229	Belgium	2505
Switzerland	2929	Switzerland	3598
United Kingdom	2304	United Kingdom	661
Romania	2188	Romania	1919
Tunesia	1907	Tunesia	1898
Total for Others	52536		40800
Others not Listed	8087		8611
Grand Total	62472		50584

PSD Table

Country **Germany**

Commodity **Tobacco,Unmfg.,Flue Cured** (HA)(MT)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	0	2435	0	2500	0	2400	(HA)
Beginning Stocks	0	3155	0	2107	0	3447	(MT)
Farm Sales Weight Prod	0	4807	0	5270	0	5000	(MT)
Dry Weight Production	0	4278	0	4690	0	4450	(MT)
U.S. Leaf Imports	0	15885	0	13571	0	12000	(MT)
Other Foreign Imports	0	54377	0	53847	0	47000	(MT)
TOTAL Imports	0	70262	0	67418	0	59000	(MT)
TOTAL SUPPLY	0	77695	0	74215	0	66897	(MT)
Exports	0	15588	0	12268	0	12000	(MT)
Dom. Leaf Consumption	0	4000	0	4500	0	4500	(MT)
U.S. Leaf Dom. Consum.	0	15000	0	13000	0	12000	(MT)
Other Foreign Consump.	0	41000	0	41000	0	35000	(MT)
TOTAL Dom. Consumption	0	60000	0	58500	0	51500	(MT)
TOTAL Disappearance	0	75588	0	70768	0	63500	(MT)
Ending Stocks	0	2107	0	3447	0	3397	(MT)
TOTAL DISTRIBUTION	0	77695	0	74215	0	66897	(MT)

Import Trade Matrix

Country Germany

Commodity Tobacco,Unmfg.,Flue Cured

Time Period	CY	Units:	MT
Imports for:	2002		**2003**
U.S.	15885	U.S.	13571
Others		Others	
Braszil	24351	Braszil	28668
Zimbabwe	15016	Zimbabwe	11169
France	3751	France	3213
Tanzania	4448	Tanzania	2441
Malawi	1293	Malawi	1080
Italy	1365	Pakistan	1036
PR China	699	PR China	1353
Uganda	689	Canada	1918
Total for Others	51612		50878
Others not Listed	2765		2969
Grand Total	54377		53847

Export Trade Matrix

Country Germany

Commodity Tobacco,Unmfg.,Flue Cured

Time Period	CY	Units:	MT
Exports for:	2002		**2003**
U.S.	0	U.S.	0
Others		Others	
Netherlands	5214	Netherlands	4697
Russia	2695	Russia	2071
Belgium	1567	Belgium	1110
Ukraine	1071	Ukraine	635
Poland	1022	Paraguay	535
Egypt	1162	Egypt	930
Ireland	624	Ireland	367
Total for Others	13355		10345
Others not Listed	2233		1923
Grand Total	15588		12268

PSD Table

Country Germany

Commodity Tobacco, Unmfg., Burley (HA)(MT)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	0	931	0	960	0	920	(HA)
Beginning Stocks	0	5014	0	1567	0	656	(MT)
Farm Sales Weight Prod	0	2496	0	2820	0	2500	(MT)
Dry Weight Production	0	2323	0	2453	0	2175	(MT)
U.S. Leaf Imports	0	9576	0	9750	0	9000	(MT)
Other Foreign Imports	0	23861	0	20320	0	18500	(MT)
TOTAL Imports	0	33437	0	30070	0	27500	(MT)
TOTAL SUPPLY	0	40774	0	34090	0	30331	(MT)
Exports	0	9207	0	6434	0	5000	(MT)
Dom. Leaf Consumption	0	1600	0	1800	0	1700	(MT)
U.S. Leaf Dom. Consum.	0	9500	0	9700	0	8500	(MT)
Other Foreign Consump.	0	18900	0	15500	0	13725	(MT)
TOTAL Dom. Consumption	0	30000	0	27000	0	23925	(MT)
TOTAL Disappearance	0	39207	0	33434	0	28925	(MT)
Ending Stocks	0	1567	0	656	0	1406	(MT)
TOTAL DISTRIBUTION	0	40774	0	34090	0	30331	(MT)

Import Trade Matrix

Country Germany

Commodity Tobacco, Unmfg., Burley

Time Period	CY	Units:	MT
Imports for:	2002		**2003**
U.S.	9576	U.S.	9750
Others		Others	
Malawi	12770	Malawi	8587
Brazil	5038	Brazil	5953
Mozambique	1275	Mozambique	527
Guatemala	1624	Guatemala	1886
Uganda	1006	Uganda	1103
Italy	730	Italy	151
France	982	France	711
India	168	India	256
		Colombia	199
		Austria	478
Total for Others	23593		19851
Others not Listed	267		469
Grand Total	23860		20320

Export Trade Matrix

Country Germany

Commodity Tobacco, Unmfg., Burley

Time Period	CY	Units:	MT
Exports for:	2002		**2003**
U.S.	0	U.S.	0
Others		Others	
Netherlands	3510	Netherlands	3132
Russia	2095	Russia	1081
Poland	1617	Austria	296
Italy	654	Turkey	251
Romania	526	Russia	495
Austria	275	Romania	209
Ukraine	165	Switzerland	138
		Uzbekistan	159
Total for Others	8842		5761
Others not Listed	365		673
Grand Total	9207		6434

PSD Table

Country Germany
Commodity Tobacco, Mfg., Cigarettes (MIL PCS)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Filter Production	209100	209100	207700	202300	0	182400	(MIL PCS)
Non-Filter Production	3400	3400	3300	2900	0	2600	(MIL PCS)
TOTAL Production	212500	212500	211000	205200	0	185000	(MIL PCS)
Imports	35895	37083	36000	33993	0	32000	(MIL PCS)
TOTAL SUPPLY	248395	249583	247000	239193	0	217000	(MIL PCS)
Exports	105231	105248	105000	105554	0	90000	(MIL PCS)
Domestic Consumption	143164	144335	142000	133639	0	127000	(MIL PCS)
TOTAL DISTRIBUTION	248395	249583	247000	239193	0	217000	(MIL PCS)

Import Trade Matrix

Country Germany
Commodity Tobacco, Mfg., Cigarettes

Time Period	CY	Units:	1000 pcs.
Imports for:	2002		**2003**
U.S.	48	U.S.	45
Others		Others	
France	6795	France	7231
Netherlands	6257	Netherlands	6123
United Kingdom	3358	United Kingdom	1499
Austria	8801	Austria	7897
Luxemburg	6422	Luxemburg	6319
Belgium	3622	Belgium	3136
Denmark	1610	Denmark	1503
Total for Others	36865		33708
Others not Listed	218		285
Grand Total	37083		33993

Export Trade Matrix

Country Germany

Commodity Tobacco, Mfg., Cigarettes

Time Period	CY	Units:	1000 pcs.
Exports for:	2002		**2003**
U.S.	107	U.S.	125
Others		Others	
Spain	30865	Spain	30953
Italy	14059	Italy	16836
France	9142	France	8919
Netherlands	7000	Netherlands	7049
Greece	5005	Greece	5338
United Kingdom	5874	United Kingdom	3957
Belgium	5960	Belgium	4350
Taiwan	3886	Taiwan	3724
U. Arab Emir	1121	U. Arab Emir	1901
Czech Rep	1644	Czech Rep	1759
Total for Others	84556		84786
Others not Listed	20585		20643
Grand Total	105248		105554